United Nations A/54/702

General Assembly

Distr.: General
29 December 1999

Original: English

Fifty-fourth session
Agenda item 123
Joint Inspection Unit

Report of the Joint Inspection Unit on policies and practices in the use of the services of private management consulting firms in the organizations of the United Nations system

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Joint Inspection Unit entitled "Policies and practices in the use of the services of private management consulting firms in the organizations of the United Nations system" (JIU/REP/99/7).

00-22464 (E) 260100

JIU/REP/99/7

POLICIES AND PRACTICES IN THE USE OF THE SERVICES OF PRIVATE MANAGEMENT CONSULTING FIRMS IN THE ORGANIZATIONS OF THE UNITED NATIONS SYSTEM

Prepared by

Fatih Bouayad-Agha
Homero L. Hernández

Joint Inspection Unit

Geneva
1999

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ACRONYMS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IAPSO	Inter-Agency Procurement Services Office
IBRD	International Bank for Reconstruction and Development (World Bank)
ICAO	International Civil Aviation Organization
ICC	International Computing Centre
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
INSTRAW	International Research and Training Institute for the Advancement of Women
ISCC	Information Systems Coordination Committee
ITC	International Trade Centre
ITU	International Telecommunications Union
JIU	Joint Inspection Unit
OHRM	Office of Human Resources Management (UN)
OPPBA	Office of Programme Planning, Budget and Accounts (UN)
UN	United Nations
UNCHS	United Nations Centre for Human Settlements
UNDCP	United Nations Drug Control Programme
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNOG	United Nations Office at Geneva
UNOV	United Nations Office at Vienna
UNU	United Nations University
UNV	United Nations Volunteers Programme
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

EXECUTIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

OBJECTIVES:

The main objectives of the present report are, first, to examine the policies and practices governing the use of private management consulting firms by the organizations of the United Nations system; secondly, to determine what practical advantages and disadvantages have resulted from the use of such firms; thirdly, to draw conclusions regarding system-wide standards, guidelines and procedures in this area, paying due regard to internal and external oversight services as a primary source of expertise in the management field; and, fourthly, to formulate recommendations designed to improve present policies and practices with a view to regulating the use of such firms, bearing in mind the overall need to achieve economies and limit costs. It is worth noting that the Joint Inspection Unit (JIU) has already devoted a report to the question of outsourcing as a whole (A/52/338). The present report is not a complement to the report on outsourcing. It addresses instead the specific question of the use of private management consulting firms by the organizations of the United Nations system as an aspect of outsourcing which is, to a large extent, governed by the same general principles.

The Inspectors have concluded that it is a sound practice for organizations to use outside expertise in support of their mandated programmes when such expertise is not available in-house. Management consulting firms, in particular, help to gather experience, identify best practices and introduce new technologies. Their contribution is especially important in the context of such issues as participation, consultation, centralization versus decentralization and the management of change.

Management consulting firms produce best results when they are engaged to carry out a specific piece of work where their clients lack expertise or want a breadth of view. On the other hand, the success of their endeavours has shown to be less certain when firms are engaged because the clients are short of resources. Furthermore, clients who are unable to formulate their needs and requirements in clear, exact terms may not get what they need and certainly not at the most desirable price.

Organizations should first make every effort to ascertain that the expertise required is not available internally or that it is indeed more economical to have recourse to consulting firms, which are, as a rule, very costly. Furthermore, there is no need automatically to engage outside firms. Available internal consulting resources include, for example, the auditors' services, the JIU and, for United Nations Secretariat units, the Office of Internal Oversight Services (OIOS), which has an Audit and Management Consulting Division. In quite a few instances, organizations could avail themselves of the advice of these institutions at no cost instead of seeking outside help.

An important question is whether the obvious benefits, both cultural and financial, which could be derived from the utilisation of the widest possible range of firms from all countries and regions, have been adequately explored. In many cases, organizations appear to choose firms from certain countries because of the perception that such firms are more knowledgeable in matters pertaining to

modern management. Yet firms from other countries, which also have sound management principles, are not used as often. Firms from all countries and regions, including developing countries, should be given equal opportunity to bid for consulting contracts.

The transfer of knowledge to organization staff should be one of the main objectives of the organizations that bring in outside expertise. While the Inspectors have formulated no specific recommendation to that effect in the present report, they wish to emphasize their belief that the participating organizations should give due prominence to the transfer of skills as part of contract specifications; measure it as a component of projects; and ensure that resources are internally available to facilitate the transfer of skills.

It appears to the Inspectors that, in some cases, management consulting firms use projects as a training ground for their junior employees. It is, accordingly, the firms that make the most of the projects entrusted to them by international organizations to develop and enhance their junior cadres. For their part, the organizations sometimes invest in firms resources which they might have advantageously devoted to the development of their own junior staff. As a corollary, it is the firms that prospect at universities and institutions of higher learning throughout the world for their best recruits, while the organizations - because of the comparatively lower salaries they offer and because of the absence of well-structured career development plans - are becoming increasingly less competitive in the labour markets.

Some organizations seem to lack adequate machineries for evaluating fully the firms' real impact on their activities and programmes. Historically, the private sector has been the firms' first and foremost domain, with the major exception of some developed countries where government agencies at various levels have also contracted extensively with these firms. Private-sector corporations using the services of consulting firms assess the latter's performance in the same way as any other sphere of their activity: by determining whether company profits have increased or decreased following the firms' intervention. It is much more difficult to evaluate the impact of firms in the public sector - including international organizations - whose success or failure does not depend on profit-making and which accordingly do not estimate profit increase or decrease. Yet there are some elements that can and should be measured, such as reduced costs, improved service delivery and project implementation on time and within budget.

The Inspectors wish to place on record that the information contained in the present report is derived mainly from the views communicated to them by the organizations' officials interviewed as well as from the responses sent by the organizations to a questionnaire circulated by JIU. The conclusions contained in the report are therefore based, in the first place, on elements originating with the organizations themselves.

Although the management consulting firms could undoubtedly offer interesting views on their own experience, the Inspectors have not at this stage contacted them. Once relationships between the participating organizations and the firms become more substantial, the Unit may inscribe in its future work programme a further report on the subject, with particular reference to the follow-up and consolidation of the recommendations contained in the present report. That report will certainly require closer consultation with the firms, especially those that are more often engaged by the United Nations system organizations to supplement existing expertise.

Recommendation 1: Policy Framework

The participating organizations should elaborate policies, standards and procedures concerning the utilization of management consulting firms, together with explicit and rational assessment criteria, for submission to their legislative organs. The organizations should, in particular, develop flexible guidelines for subcontracting, feasibility studies, procedures and checklists for the call for bids, methods for evaluating potential consulting firms and procedures for overseeing control and follow-up. The following elements should be reflected in the guidelines:

(a) alternatives to hiring external management consulting firms should be sufficiently considered, including reliance on appropriate internal specialist bodies, ad hoc task forces, inter-departmental committees, or recourse to appropriate United Nations system entities, such as the International Computing Centre (ICC) and the Information Systems Coordination Committee (ISCC) in the area of information technologies and the United Nations Staff College or the JIU in broad management areas;

(b) a prior cost-benefit analysis of the objectives to be attained by the organization, including new expertise to be acquired by its staff, should be drawn up when engaging management consulting firms;

(c) the need for case-by-case legislative authority for hiring management consulting firms should be ascertained; and

(d) the need for strict terms of reference defining, among other things, the level and range of new skills to be transferred to the organization, should be borne in mind.

Recommendation 2: Monitoring and Control

The organizations should ensure that they count with adequate internal expertise and means to monitor as closely as possible the performance of management consulting firms, including their transfer of new management skills to the organization at all stages of contract delivery, so as to ensure the creation and preservation of institutional memory.

Recommendation 3: Follow-up Actions

The organizations should conduct *ex post facto* evaluations of the performance and extent of implementation of the recommendations of management consulting firms, including, especially, cost-effective benefits and the impact of their work within the organization, and should share with other organizations, as appropriate, the results of such evaluations (also see recommendation 4 below).

Recommendation 4: Inter-organization Cooperation and Coordination

The organizations should reinforce system-wide cooperation and coordination in the use of management consulting firms by, among other things:

(a) developing and sharing rosters of cost-effective management consulting firms that possess United Nations system experience and originate in as wide a range of countries as possible; and

(b) sharing experience and information on the use of management consulting firms under an appropriate agenda item at ACC meetings.

Recommendation 5: Conflicts of Interest

The organizations should guard against possible conflicts of interest when awarding contracts to management consulting firms or when hiring former agents or personnel of these firms, especially when they have been involved in the negotiation or execution of specific contracts.

Recommendation 6: Regionally-based Firms

As a cost-saving measure, preference should be given to regionally-based firms with the required expertise and qualifications, when available.

Recommendation 7: Rotation Policy

Without prejudice to recommendation 6 above and to other cost-effective considerations, the organizations should adopt a policy of rotating management consulting firms to ensure that they derive the broadest possible benefits from their relations with such firms.

Recommendation 8: Language and Country of Publication of Advertisements for International Biddings

The organizations are urged to advertise for international biddings in as many official languages and in as many countries as possible, with a view to broadening the range of firms from all regions and countries becoming aware of opportunities for contracts with United Nations system organizations and actively participating in such bidding.

I. INTRODUCTION

1. Management consulting firms are largely companies which started as accounting and audit firms in the private sector and expanded over the years into vast management consulting giants. Many of these firms have a global reach and some employ more staff than the entire United Nations system. Examples of these firms include *Arthur Andersen, Arthur D. Little, Deloitte & Touche, PricewaterhouseCoopers*[1], *McKinsey & Co.*, and others.

2. There is a substantial difference between the use of these firms and the more traditional recruitment of individual consultants and experts in accordance with the established personnel policies and regulations of each organization. Contracting with management consulting firms consists, to a large degree, in the outsourcing of specific tasks or projects to corporations which, in many instances, are bigger and have more resources than the United Nations system organizations that seek their services.

3. The Inspectors have experienced certain difficulties in gathering reliable information on the sums expended by the system organizations on management consulting firms from 1992 to 1997. In some cases, it has not been possible to extricate from the figures received from the organizations the amounts which corresponded specifically to management consulting projects as opposed to contracted functions such as auditing which, although often performed by the same firms, constitute conceptually a different sort of activity. In other cases, information was not available or was not available in the format desired. As a result, the present report does not address fully the question of whether the sums expended have been a worth-while investment or not, or even whether they could have been used instead, for example, to enhance the expertise of in-house staff.

4. Other issues which have eluded rigorous analysis include the question of which functions and tasks are best performed in-house, including at governing body level, and which could or should be outsourced to external individual or corporate consultants. A related question is that of how objectively and thoroughly the organizations determine that adequate expertise for a particular project or management area being considered for outsourcing to private firms is not available within the Organization itself or even within the United Nations system as a whole.

5. Further issues have been identified during the preparation of the present report. Among them are the following: What are the relative advantages provided by individual management consultants as opposed to the transnational consulting firms? Would it in future be more advantageous for the organizations to employ these firms for the sole purpose of providing management training to their staff instead of hiring them to analyse internal structures and processes or to advise on managing organizational changes?

6. The Inspectors have attempted to respond to as many of these questions as possible, but have refrained from tackling all these issues - as well as others which have emerged during their analysis of the subject matter - in the report. In many instances, it is within the competence of the organizations themselves to look deeper into the problems identified and the solutions suggested with a view to finding the course of action most appropriate to their needs.

7. The Inspectors wish most especially to record their deep appreciation to all those who assisted them in the preparation of this report.

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[1] On 1 July 1998, *Price Waterhouse* and *Coopers & Lybrand* merged to form *PricewaterhouseCoopers*. In the present report, the firm is referred to by its present name, unless it is intended to differentiate *PricewaterhouseCoopers* from its component firms which on previous occasions have had dealings with United Nations System organizations.

II. MAIN FINDINGS

A. Overview

8. The Inspectors have found that, as a rule, organizations hire management consulting firms in specific areas of expertise to support internal modernization projects for which suitable in-house personnel are not available.

9. Virtually all the organizations of the system have used management consulting firms in varying degrees between 1992 and 1997. While it has not been possible to assess the management modernization impact of these firms on individual organizations, it appears that their contribution did prove valuable, if not indispensable, in the upgrading of information systems and technologies or management capabilities to cope with organizational changes.

10. Table 1 in the annex gives an illustration of the organizations' expenditure trends on management consulting projects. The picture presented in the table, however, is only approximative, since the figures gathered by the Inspectors were not always itemized in such a way as to allow for the detachment of the amounts spent on management consulting projects from the amounts spent on other activities often performed by the same firms. Furthermore, not all the organizations maintain figures in a readily comparable way. And some organizations were unable to provide information in the format established for the report as a whole. While the Inspectors have chosen not to formulate a formal recommendation to that effect, they wish to express their belief that the organizations should in the future make every effort to maintain full records of expenditure on management consulting projects with a view to facilitating their monitoring and analysis.

11. Most organizations rely for their modernization projects mainly on their internal human resources, where appropriate and adequate, before hiring management consulting firms. The Inspectors have found, however, that this is not often the case in practice and that management projects carried out solely by internal staff are comparatively few. It is rather difficult to strike a proper balance between, on the one hand, hiring costly management consulting firms and on the other hand, upgrading staff knowledge and skills and recruiting additional specialist staff. Other more specific findings are discussed in the following paragraphs.

B. Legislative authority

12. Broad or specific legislative authority for contracting with management consulting firms and allocation of resources for that purpose exist in most cases. The Inspectors, however, could not identify a consistent pattern of legislative oversight, particularly as regards the implementation of the firms' recommendations, the value-for-money assessment of their contributions, or the impact and relevance of the expertise and technologies transferred to the organization.

C. Policies and procedures

13. All the organizations are guided by a set of policies and procedures, formulated in one form or another, and usually contained in their administrative policies and procedures manuals or specific guidelines governing the use of individual experts, consultants and suppliers. However, the Inspectors could not ascertain the relevance and adequacy of these policy instruments in cases in which firms appear to have benefited more from their consulting contracts than the organizations which hire them. In such cases, which are not altogether infrequent, the organizations appear merely to provide a training ground for the firms' junior staff. The need for stringent substantive and budgetary controls

over the work of the firms does not seem to rank very high as a policy principle in a number of organizations, even though some of them seek in practice to apply such controls as a precondition for deriving optimal benefits from their association with the firms.

14. Most organizations use, as a matter of policy, international bidding procedures for the selection of management consulting firms. A number of them advertise, often in one language only, in commercial newspapers or magazines. Some used the Inter-Agency Procurement Services Office (IAPSO) publication, *Procurement Update*, which was discontinued in 1997. IAPSO now advertises bidding opportunities in the organizations in its website in the Internet.

D. Main areas of expertise

15. There is a wide range of areas of expertise in which firms are engaged by the organizations. Firms have most often assisted the organizations with projects relating to training, staff evaluation and counselling, organizational evaluation and restructuring, management of change, analysis of internal processes and procedures, and information management systems design and development.

16. Management consulting firms have assisted the International Atomic Energy Agency (IAEA), for instance, in such areas as information technology and support services, including equipment, maintenance and training, planning and statistical analysis and the Agency's insurance management system. However, the IAEA's work is far too technical for most firms. For purposes related to its specific mandate in the field of atomic energy, the IAEA uses national laboratories, that is to say, laboratories that are sponsored by governments.

17. Because of the sensitivity of its activities, the IAEA must keep up with technology as regards security. To that end, it hired a specialized firm, *SA/C Science Application International Corporation*, which studied the IAEA's security system for one month to see if it could be cracked. In the end, the system proved to be sound.

18. The United Nations Drug Control Programme (UNDCP) uses either individual consultants or small, two-person firms, such as *O'Hare*, which has advised UNDCP on merging three drug-control-related units into one. The United Nations Industrial Development Organization (UNIDO) has brought in management consulting firms such as *Arthur D. Little* for restructuring and *Arthur Andersen* and *Deloitte & Touche* for information technology. UNIDO has also used other firms for public information and cost accounting, especially time-based accounting systems and activity-based costing.

19. Several organizations engage firms to assist them in organizing training activities. The United Nations Educational, Scientific and Cultural Organization (UNESCO) offers short training courses for staff at all levels, on subjects such as performance appraisal and others. The United Nations Office of Human Resources Management (OHRM) and the World Food Programme (WFP) use *Mannet* of Geneva to provide management training as part of the reform process. *Mannet* has also organized training on the Performance Appraisal System (PAS) for OHRM. WFP has some contracts with, for instance, the United States Department of Agriculture, the University of Wisconsin and others, which organize management, computer and corporate training.

20. Officials of the Food and Agriculture Organization of the United Nations (FAO) have underlined that there was much expectation in their organization about the United Nations Staff College. Had the Staff College played its expected role, it would have obviated much of the organizations' need for training firms. But, since the Staff College has not provided the services expected, FAO had to go to the open market to obtain the necessary assistance, particularly in such areas as long-distance learning.

E. Geographical distribution

21. Numerous organizations seek to preserve a balance among firms on the basis of their national affiliation. The International Labour Organization (ILO) has been obliged to make a rare exception in

the case of the Integrated Management Information System (IMIS) Project, which has demanded the use of *PricewaterhouseCoopers*, the firm that developed it. For its part, FAO finds it difficult to identify qualified management consulting firms from developing countries which are not already part of the "Big Five" group.[2] The IAEA engages firms from all round the world but cannot normally recruit local experts with the qualifications required for its technical projects. UNDP uses fair, open-market competition to select firms from many different countries including, when available, firms from developing countries.

22. The United Nations Secretariat uses several firms, of which the most widely employed is *PricewaterhouseCoopers*, which, among other things, has developed the Integrated Management Information System (IMIS) Project. A special effort is being made to identify firms from developing countries, pursuant to General Assembly resolution 52/226, of 27 April 1998, on procurement reform and outsourcing, but there are few such firms.

F. Concentration of expertise (the "Big Five")

23. The Inspectors have remarked that organizations often hire management consulting firms from Western European or North American countries, particularly the firms known as the "Big Five." Most of these firms have world-wide operations, including in the developing countries, where they often rely on local management expertise.

24. In conversation with the Inspectors, some IAEA officials have expressed the belief that the "Big Five" do not always assign their best staff to projects or pay enough attention to their clients and therefore that, in many instances, small firms are better value. According to some WFP officials, a practice exists in some areas of the United Nations system which could be described as "buying money with money". This practice consists in using big, expensive firms to impress donors. On the other hand, when UNESCO needed an urgent study on how to translate principles into action in modernising its statistics programme, it did not open international bidding but instead engaged directly one of the "Big Five" firms, *Coopers & Lybrand*, upon the recommendation of the IBRD expert group on statistics. For its part, the IAEA itself hired *Deloitte & Touche* through competitive bidding to do a needs analysis.

G. Inter-agency cooperation

25. Many organizations feel that it is desirable for organizations to cooperate, particularly in the field, where it is especially beneficial for countries to deal with the overall United Nations system through one intermediary only. Several organizations work together at Headquarters and in the field, in matters of procurement and in the use of private management consulting firms. There are numerous formal and informal mechanisms for cooperation among organizations, in particular organizations which are located at the same duty station, such as Geneva, New York or Rome. UNDP, UNICEF and UNFPA, for instance, work in close cooperation in the field, as do ILO, UNDCP and WHO. WFP often shares its experience concerning firms with other organizations and seeks from them information regarding their own experience. In some cases, WFP has sent staff on visits to other organizations to review specific activities.

26. Together with other organizations, ILO, UNIDO and UNV issue joint invitations to firms to bid for contracts. Under the common services initiative of the United Nations Secretary-General's reform plan, the United Nations Secretariat, UNDP, UNFPA, UNOPS and UNICEF cooperate by issuing joint invitations to firms for bids.

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[2] This group of firms, which used to be known as the "Big Six," include *Arthur Andersen; Coopers & Lybrand; Deloitte & Touche; Ernst & Young; KPMG Peat Marwick;* and *Price Waterhouse*. They are at present called the "Big Five," following the merger of *Price Waterhouse* and *Coopers & Lybrand* into *PricewaterhouseCoopers* in July 1998.

H. Rotation and quality control

27. A number of organizations have established no limits to how often a firm can be employed. Several organizations allow firms to bid again for the same contract, while IMO and UPU, for instance, do not. Some WFP officials feel that, to guarantee credibility, firms should rotate. They believe that the same firm should never be kept for over four years. After that period, an organization should ask for bids and firms should perhaps not be allowed to re-bid. UNDP has a policy requiring a competitive proposal process every four or five years, which may include existing firms if their services have been satisfactory.

28. The IAEA only enters into contracts thoroughly vetted by its legal department. The Agency has never paid penalties nor dealt with firms which did not complete their assignment. ITC has a penalty system for firms that fail to comply with their contractual obligations. UNDP includes in its contracts a quality control clause which forces firms to work under UNDP's direction, since their product is going to be reviewed. The Programme does not use penalties but will withhold payment until services are performed satisfactorily. Firms that do not perform in a satisfactory manner or fail to address UNDP's concerns will not be invited to bid on future contracts. In one instance, a well-known firm was not asked to bid on contracts for a region for several reasons, including concerns about the quality of its work.

29. UNESCO's contracts normally include standard clauses on arbitration. These clauses, however, have never been used because an amicable solution has always been found. FAO, UNESCO and WFP stipulate that firms should train counterpart staff as part of their contractual obligations.

30. It is the IAEA's rule that firms cannot use it as a reference in any way or publicize their work for it. The Agency has sent reminders to firms that have done so without permission. UNIDO, on the other hand, has in some instances allowed this practice. *Arthur D. Little*, for example, has publicized the work it carried out in connection with UNIDO's restructuring.

III. EXPERIENCE OF INDIVIDUAL ORGANIZATIONS

A. UNITED NATIONS, ITS AFFILIATED BODIES AND OTHER PROGRAMMES

31. The United Nations Secretariat is guided in the selection and engaging of management consulting firms by the general administrative rules applying to all areas of the United Nations Secretariat, including the Financial Rules and the Procurement Manual. Besides, the United Nations observes the provisions of section II of the Secretary-General's Bulletin ST/SGB/177, of 19 November 1992, and Administrative Instruction ST/AI/327, of 23 January 1985, on institutional or corporate contractors.

32. There is at the Organization no committee or similar advisory body to decide on the desirability of engaging a private consulting firm for a specific project . The United Nations relies on managerial judgement regarding the availability of in-house expertise for the project concerned. In conversation with the Inspectors, numerous officials have underlined that, for them, the basic question is, what should be done by staff and what should not? They feel that it is very important to develop an overall strategy to decide what can be advantageously outsourced.

33. Several areas of expertise have required the use of management consulting firms. Such areas feature prominently information management systems and design, which appears to be the single most important area in modern management where in-house expertise is consistently inadequate and needs outside input. This phenomenon is not limited to international organizations but applies to vast private-sector swathes as well. Other areas where the United Nations has used the services of private firms include training and organization evaluation and restructuring.

34. A typical case of use of private management consulting firms in the area of information management systems and design by the United Nations system organizations concerns the Integrated Management Information System (IMIS) Project. The IMIS Project has been developed by *PricewaterhouseCoopers*. IMIS is important, first, because many organizations are IMIS users; secondly, because of IMIS's sheer volume; and thirdly, because IMIS remains in some respects a controversial issue. Of the officials interviewed by the Inspectors at the United Nations and other user organizations, some believe that IMIS is a great achievement while others have expressed reservations or think that IMIS does not truly represent "state of the art" technology. Many officials feel, however, that the cost of abandoning the IMIS project would be enormous for the United Nations in terms of time, money and prestige.

35. The total cost of the IMIS project appears to vary depending on the factors considered. It could range from the present official figure of US$ 72.9 million to a much higher figure, if staff, common and other costs, including the expenses of other organizations and programmes, such as UNICEF, are included.

36. Like other organizations, the United Nations uses outside firms to organize training for its staff. As part of the reform process, it has engaged *Mannet*, a Geneva-based firm that has offered management training on a number of subjects, including the Performance Appraisal System (PAS).

37. A few years previously, in 1994, UNOG felt the necessity to bring in a management consulting firm in connection with the restructuring of the Office of the High Commissioner for Human Rights. The usual procedure was followed. It consists of the office concerned and the administration interviewing together the final four or five most competitive firms. The administration does not participate in the case of a 'specialized product', that is, a highly technical issue, since it would not be in a position to evaluate the specifications. Following the completion of a contract, substantive departments evaluate firms, and the administration furnishes its comments as well.

38. UNOG considered eighteen firms through the bidding process and chose the least costly, taking always into account, of course, the overriding principle of competence. The selected firm was *Price Waterhouse* - now *PricewaterhouseCoopers* - which was paid US$ 1 million. UNOG feels that the firm's contribution was well worth its price and that the whole exercise was a very positive and rewarding experience. *Price Waterhouse* organized retreats and taught people how to work together. This is something which, according to UNOG, a private firm could do, but not the United Nations, which has neither the people nor the energy to carry out this task. UNOG's view, which is shared by numerous other organizations, is that outsiders give credibility to projects. It is far easier to take a course of action on the basis of a firm's recommendation than on the basis of an internal proposal.

39. On the other hand, the Inspectors note that internal institutions such as the JIU or the OIOS could have dealt with the restructuring of Human Rights at no cost. In fact, the JIU had undertaken in 1994 to carry out an in-depth review and assessment of the then Centre for Human Rights at the suggestion of OIOS. Yet, before JIU had a chance to take up this assignment, UNOG decided to engage an outside firm instead and, eventually, settled for *Price Waterhouse*.

40. There have been other occasions when UNOG has used the services of the Audit and Management Consulting Division of OIOS. The Inspectors have learned that the results of these experiences were quite satisfactory.

41. The United Nations advertises international biddings in the press when the amounts involved are in the range of several million dollars. To that effect, it uses various newspapers and journals, mainly in English and French. The Organization makes no specific effort to establish a balance between publications on the basis of the countries where they are published, or between publications from, respectively, developed and developing countries.

42. As a rule, the United Nations employs firms representing a broad national spectrum, but few third-world management consulting firms. Such firms either do not exist or are affiliated with large consulting firms, first and foremost among them those known as the "Big Five."

43. In common with virtually all organizations in the system, the United Nations chooses firms on the basis of two factors: price and quality, as translated into the principle of the "lowest technically acceptable offer." This normally involves firms from as wide a range of countries as is possible and practical. Depending on the nature of contracts, the Organization may decide to consider only local firms.

44. With a view to attracting the best, most economical and most appropriate firms, the United Nations offer bidders guidance and orientation on how to compete for its contracts. Such guidance and orientation include providing information packages and holding orientation courses and pre-bidding conferences.

45. The Organization has no strict policy on the rotation of firms. It may use the services of a firm for several years, depending on the nature of the contract, and may allow a firm to bid again for the same contract, even several times, if its services have been satisfactory.

1. United Nations Development Programme (UNDP)

46. The engagement of firms by the United Nations Development Programme (UNDP) is governed by its Financial Rules and Regulations on Procurement (FR 114.17 through 114.24). No central roster of private management consulting firms is maintained, although each division using such services may keep its own roster. Requests for the use of private management consulting firms are initiated by heads of division when in-house expertise is not available, as required by work plans, audit plans and budget, and are approved as follows: up to US$ 30,000, by Chief of Section or Bureau; over US$ 30,000 but under US$ 100,000, reviewed on case-by-case basis either by an *ad hoc* committee or the Headquarters-based Advisory Committee on Procurement for decision on whether or not to open to

competitive bidding: over US$ 100,000, open to competitive bidding and reviewed by the Advisory Committee on Procurement.

47. International bidding is carried out through direct tenders of offer to known firms with relevant expertise, through Diplomatic Missions and advertising on the Internet. UNDP does not advertise in the press.

48. At UNDP Headquarters, almost all contracts are granted to firms on the local market, which have proven to be the least costly. Similarly, for contracts at field offices, firms contacted for bidding are initially identified on the basis of regional presence and capacity. UNDP has experienced some pressure from donor countries making voluntary contributions to projects to engage their national firms but technical competence and presence in the location remain the organization's principal concerns.

49. UNDP provides comprehensive guidance and orientation to bidders, including information packages and two-day orientation courses. The successful firm receives a five-day training session prior to commencement. Personnel are usually selected by the firm on acceptance of the curriculum vitae by UNDP and may even be included as part of the technical bid. Interviews and occasionally reference checks are carried out in the case of small, less well-known companies.

50. Services are certified before payment is made and a thorough, confidential evaluation made, particularly in the use of audit firms in the field. The results of such evaluations may be shared with other organizations on an informal basis, particularly if services have been unsatisfactory. Depending on the field of expertise, UNDP would accept to recruit a firm's staff member through a competitive recruitment process but is aware of possible conflicts of interest.

51. In general, UNDP is satisfied with the services of private management consulting firms. There have been a few exceptions to this rule. In one case, one firm with whose performance UNDP was unhappy was not invited to bid again. In another case, involving an IMIS-related project, the selected firm left the project owing to lack of input from the IMIS team.

52. The Programme stresses that, when dealing with private firms, one needs well-defined terms of reference and good management control. Firms are not a replacement for in-house management capacity. UNDP also underlines the importance of sharing experiences with other users and even using their contracting processes to pre-qualify firms as a time- and cost-saving measure.

2. United Nations Volunteers (UNV)

53. The United Nations Volunteers (UNV) follow the appropriate United Nations/UNDP Financial Rules and Regulations for engaging private management consulting firms. It maintains a small roster which is fed through advertisements, from the results of public tenders and from UNDP's roster. UNV has its own Local Contracts Committee for contracts up to US$ 100,000. Contracts valued at US$ 100,000 or more are reviewed by the UNDP Contracts Committee at Headquarters. All engagements of private firms are approved by the Executive Coordinator.

54. International biddings are advertised through the local and international press, technical magazines and the Internet. Selection of a firm through competitive bidding is made on the basis of an overall assessment of the company profile, technical capability, previous record, reference checks, company staff profile and cost-effectiveness. UNV does not actively seek to preserve a geographical balance. In some cases, UNV has been expected to engage firms from the country making voluntary contributions for a project.

55. UNV has limited experience with private management consulting firms . It considers familiarity with the United Nations system and a cross-cultural environment to be important factors in engaging a firm.

3. United Nations High Commissioner For Refugees (UNHCR)

56. The Office of the United Nations High Commissioner For Refugees (UNHCR) engages private management consulting firms under its Procedures for Procurement of Services. Outside training assistance represents the largest single category of service engaged, and includes both one-time training in new equipment, software and procedures, and periodic management training. UNHCR also seeks outside assistance if the training courses are too infrequent to make the recruitment of internal trainers cost-effective.

57. At UNHCR, the Supply and Transport Section maintains a centralized, computerized roster currently listing approximately 100 firms. The roster is fed through the firms' direct registration requests which are evaluated in consultation with service users.

58. Although it has no specific policy in place to this effect, UNHCR seeks to achieve a geographical balance among the firms engaged through broad advertising of competitive bidding. UNHCR has advertised International biddings in *IAPSO Procurement Update* - which is no longer published - and *United Nations Development Business.* It has also requested the Missions of Member States located in Geneva to forward information on biddings to their national firms. In some instances, donor countries which established trust funds have required UNHCR to engage their national firms.

59. The Supply and Transport Section, the requesting unit and staff with relevant experience evaluate bids as appropriate. Bids are first assessed against their response to needs and technical merit. The bids that are retained are then assessed against their cost, though this may not be a determining factor. The Committee on Contracts must approve any contract of US$100,000 or more. The Controller chairs the Committee, and the head of the UNHCR Audit Section under OIOS has a standing invitation to attend its meetings.

60. There is no formal restriction on the length of the period for which the services of a particular firm are used. It is UNHCR's normal practice, however, to review contracts or reopen them for bidding after three years.

61. The extent to which UNHCR is involved in the selection of firms' personnel varies according to the type of project to be serviced. Certification of satisfactory service is required prior to payment and a post-performance evaluation is carried out. In cases where performance is unsatisfactory, this information is shared with other organizations.

62. UNHCR uses private management consulting firms to provide services which are not a continuing requirement. Before granting major contracts and, in particular, before contracts relating to UNHCR's change project are tendered, senior management review the need for them. The Committee on Contracts may also request a review of the proposed external services. Overall, UNHCR's experience with outside firms has been satisfactory.

4. United Nations Children's Fund (UNICEF)

63. The United Nations Children's Fund (UNICEF) engages firms under the same provisions applicable to the United Nations and UNDP. In UNICEF's view, the use of management consulting firms is beneficial, provided that the proper safeguards are observed. Besides, the interaction between organization and firm also produces other gains. Organization staff learn from the expertise brought in by outside firms while the firms, in turn, benefit from the experience gained by their junior staff.

64. When engaging the services of a consulting firm, UNICEF calls for specific people with the right experience to be assigned to its project by the firm. UNICEF interviews the proposed experts - not just the partners in the firm - and is prepared to reject the experts or even the firm itself, if necessary.

65. UNICEF uses several firms for its projects. It has used *PricewaterhouseCoopers*, for instance, but only because of IMIS, which was developed by that firm. Unlike the United Nations, which has paid heavy penalties to *PricewaterhouseCoopers* because of delays, UNICEF has never paid penalties. Nevertheless, in making IMIS meet UNICEF's needs, it has invested money which is not reflected anywhere.

66. One of the problems is apparently that the United Nations IMIS team entrusted *PricewaterhouseCoopers* with broad responsibility for many aspects of the project without, at the same time, developing in-house expertise. UNICEF officials feel that *PricewaterhouseCoopers* should have transferred knowledge to the IMIS team. Besides, resources that were used to pay for outside maintenance should have been assigned instead to the IMIS team.

5. United Nations Population Fund (UNFPA)

67. The use of private management consulting firms by the United Nations Population Fund (UNFPA) is governed by its Procurement Procedure, Personnel Policy and Financial Regulations and Rules. Within UNFPA, individual divisions and operational units maintain their own roster of firms through international sourcing and recommendations from sister agencies. Branches and divisions meet at project development stage to ascertain that no in-house expertise is available before engaging private firms. Division heads have final responsibility for approving the hiring of firms following submission to a Project Review Committee, the Contracts Review Committee and the Executive Committee.

68. UNFPA does not advertise international bidding in the press but rather uses the Diplomatic Missions and the Internet. The bids selected are the most economical which meet all technical requirements. Wherever possible, UNFPA seeks to preserve a balance among firms on the basis of national and regional affiliation. It cooperates with the United Nations Secretariat, UNDP, UNOPS and UNICEF in issuing joint invitations to bid. UNDP, in particular, contracts with firms for some services on behalf of UNFPA.

69. The successful bidder chooses the personnel to be assigned to the project. UNFPA, however, approves the *curricula vitae* of key staff and sometimes interviews them. Certification is required for payment and an evaluation made of services which may be shared informally with other agencies.

70. UNFPA has had many successful experiences with private management consulting firms. Its only negative experience was in the field of financial management systems.

71. The Fund recognizes the need to establish specific terms of reference and evaluation criteria and would welcome system-wide guidelines on the use of management consulting firms together with explicit and rational assessment criteria.

6. World Food Programme (WFP)

72. The use of private management consulting firms by the World Food Programme (WFP) is governed by WFP's Financial Rules and Procurement Manual. The Programme has put in place procedures for guiding the hiring and evaluation of private management consulting firms. It has also revised its Financial Rules and is currently finalizing a new manual to streamline procurement of non-food items, including the hiring of management consultants. Although WFP does not have automatically available the picture of the hiring of consultants by Country and Regional Offices, owing to the lack of systematic capture of this information, it intends to establish a suitable system in the near future.

73. WFP includes firms on a roster of potential suppliers which is updated by recommendations from requesting divisions, sourcing by the Procurement and Contracts Branch, by direct application from a company on a registration form or through contacts with other United Nations organizations. The

Procurement and Contracts Branch maintains the roster . If required by the nature of the service and the value of the prospective contract, WFP issues a Request for Information with a view to establishing a short-list of companies invited to submit a proposal.

74. Requests for the use of external services are initiated by the division responsible for the specific area for which these services are required. In accordance with the new WFP Financial Rules, the Management Services Division is responsible for approving and executing contracts up to a value of US$ 2 million. The Headquarters Non-Food Purchase and Contracts Committee reviews and examines all bids, quotes and proposals received and advises the relevant Procurement Authority on contracts whose value exceeds US$ 100,000. During this process due attention is paid to the internal options for conducting the work.

75. All procurement for services is carried out on a competitive basis. Requests for Proposals are issued directly to appropriate firms selected from the roster of suppliers. Calls for bids are advertised only when an insufficient number of companies is known to WFP. In this case, the Programme advertises in the press (particularly the Italian press, because of its location). WFP requests the firms to submit both technical and financial proposals, which are evaluated in a two-step process by an Evaluation Panel. The Panel applies the following evaluation criteria: quality of the proposal, presentation, quality of the proposed personnel, firm's experience and past performance or references. The organization seeks best value as well as optimum delivery and respect of project implementation time lines.

76. The Programme does not have a particular policy for maintaining a balance among firms on the basis of size or national affiliation. Firms are usually selected from the international market on an open basis. At WFP Headquarters, firms in the local market tend to be more competitive and are therefore more successful in obtaining contracts. On a practical level, WFP favours engaging small local companies which possess a knowledge of local customs, language, circumstances and market prices. On occasion, these firms are linked with one of the "Big Five" firms. WFP's decentralisation of procurement activities to country offices for amounts not exceeding US$ 100,000 fosters the use of locally available firms. Its efforts to engage firms from developing countries, however, have not not wholly been successful to date. WFP has had some experience of donor countries tying specific donations to the use of their own national firms.

77. Although the outside firm selects the personnel assigned to a project, generally WFP defines their minimum qualifications, screens and sometimes interviews them and checks their references. Depending on the nature of the services required, WFP may request a demonstration of work or products. Certification of satisfactory services must be issued prior to payment and evaluation of personnel is carried out in standard form. Information on the evaluation and the firm's performance is shared with other organizations only upon specific request.

78. There are no restrictions on the length of the period during which the services of a particular firm may be used. It is, however, the practice of WFP to re-open contracts for competitive bidding when the nature of the services permits doing so. In practice, no management consulting firm has been used on a continuous basis for a specific type of service for a period exceeding four years.

79. Overall, WFP feels that the use of external firms is necessary when no in-house expertise is available or when an external appraisal is appropriate. The main areas where outside expertise is most important are computerized management information systems and the management of change, particularly since few managers have the expertise or the time to tackle such issues. These are areas where firms can provide adequate skill levels, expertise and an independent perspective on management issues to assist managers in reducing implementation time lines.

80. The Programme would welcome an appraisal of the use of private management consulting firms across the system. It advocates the establishment of rosters of reliable, specialized firms, whether at the country, regional or global level. In its view, however, individual organizations must retain independence in decisions regarding the use of external firms, given their greatly differing types

of activities and needs. The Programme also considers that the lack of use by the organizations of free United Nations consultancy resources is an important issue which should be further explored.

B. INTERNATIONAL LABOUR ORGANIZATION (ILO)

81. In accordance with the International Labour Organization (ILO) Financial Rules on Procurement, only the Treasurer and Financial Comptroller, or officials authorized in writing, in practice Directors of Departments or Bureaus, may enter into contracts with private management consulting firms on behalf of the Organization. In cases where the value of the contract is over US$ 70,000, the matter is referred to the Contract Committee.

82. Individual Departments seek to identify appropriate expertise in-house before requesting the services of a private firm The final decision on the matter is taken by the Treasurer and Financial Comptroller, the Bureau of Programming and Management and the Contract Committee.

83. No central roster of private consulting firms is in place in ILO. The Departments or Units which regularly use such external services may establish their own roster based on research of available resources, evaluation of past services and performance by internal committees, as well as references from other units within the ILO or other organizations with which the ILO shares experiences and evaluations on an informal basis.

84. The ILO applies a competitive bidding process, inviting tenders from a range of at least three candidates taken from the departmental rosters, where appropriate, or from known firms who have the relevant expertise. The Financial Rules provide for bidding through newspaper advertisement, but this is not currently the practice. Bids usually contain separate technical and financial offers. The technical offer is evaluated according to pre-determined criteria before the financial offer is opened. Final selection is made by the Contract Committee on the basis of the least-costly, technically acceptable offer.

85. The selected firm chooses which of its personnel will provide the services. All consultants, however, are screened prior to hiring and their references are checked and, sometimes, they are interviewed by the contracting department.

86. With the exception of delays in one IMIS-related contract, the ILO has been generally satisfied with the use of private management consulting firms. Its major concerns are to ensure that expertise is not available in-house prior to contracting and that the use of private firms is indeed more cost-effective, efficient and flexible as regards its needs. Planning, monitoring and evaluation are also important elements. Clear Terms of Reference must be established and agreed by all clients before entering into contractual arrangements, thus avoiding subsequent demands for extra costs.

87. In the ILO's view, steps should be taken to enhance the sharing of information on private management firms among the various user organizations. At the same time, the specific needs of each organization should be respected and independence and flexibility in their selection should be allowed.

C. FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

88. The Food and Agriculture Organization (FAO) has no specific legislative policies on the use of private management consulting firms. It applies its normal contracting procedures and tender evaluation processes.

89. FAO's overall policy is to use outside expertise only for very specific, technical activities, for which no in-house expertise is available or, in some cases for issues where an independent, external opinion is considered as desirable. There is no standard approach for defining or identifying the availability of internal expertise. However, recourse to private management consulting firms requires, in most cases, the approval of the Director-General. Firms engaged must provide training to FAO

counterpart staff in their area of expertise, as transfer of knowledge is a major factor in the initial decision to bring in outside expertise.

90. The Organization's selection of firms is very rigorous. It maintains a roster of suppliers which are listed by category of services provided. There is no category for management consulting firms as such, but rather for specific types of service, such as, for instance, computer systems analysis. FAO does not advertise its tenders. Only firms registered on the roster are invited to bid for contracts. The list of invited bidders as well as the evaluation criteria for tenders of over US$ 100,000 are reviewed by a Procurement Committee. Technical and financial bids are made separately. A Tender Panel chaired by the Inspector General opens the bids and determines their validity. The organisational unit requesting the contract is responsible for the evaluation of bids and the award of the contract.

91. The personnel proposed by the selected bidder are first screened by FAO and sometimes interviewed, depending on the nature of the contract. Satisfactory completion of services must be certified before payment is made. No further formal evaluation is carried out. FAO shares information on firm performance with other agencies only upon request.

92. FAO has found the use of private management consulting firms to be costly and has applied strict conditions to their use, resulting in a lengthy contracting process. It generally feels that - apart from providing specific, technical services - management consulting firms could be useful in giving an independent perspective on broader management issues and in being instrumental in speeding up the related decision-making process. This can only come about, however, when there is already a considerable degree of knowledge among managers of the problems being addressed, a certain consensus on potential solutions, a willingness among the decision-makers to support the recommendations of external consulting firms on the issues at hand, and an established mechanism for putting into effect such proposals. In the absence of these elements, the hiring of consulting firms becomes an expensive exercise, with limited guarantee of success.

93. For practical administrative reasons, such as timeliness and the avoidance of overhead charges, FAO prefers to recruit individual consultants rather than firms. Furthermore, many of the tasks entrusted to outside consulting firms could in fact be carried out using expertise from within the United Nations system. In particular, the ILO Training Centre and the United Nations Staff College could address certain areas of management expertise and the International Computing Centre (ICC), computer system matters.

94. FAO uses a broad range of firms, from both developed and developing countries, in its field offices located in more than 80 countries throughout the world. Despite its endeavours, FAO has found it difficult in practice to identify firms: first, it is time-consuming to prospect for lesser-known, smaller firms, especially in developing countries; and, secondly, many multinational firms deal through local branch offices, so that it is sometimes hard to distinguish between independent local firms and the branch offices of multinational firms. One remedy could be found in the development of shared rosters of reliable firms, particularly from less developed countries, which would in time lead to a wider geographical distribution among contracts granted.

D. UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

95. In using management consulting firms, the United Nations Educational, Scientific And Cultural Organization (UNESCO) is guided by policy principles laid down by its Member States and embodied in its manual on the selection of suppliers and contractors. In addition, UNESCO's Executive Board generally approves the budgets of consulting projects before they can be implemented. The organization's policy is to obtain external expertise only to supplement and strengthen in-house resources. External consultants are hired only when appropriate internal resources are not available for the job.

96. The bidding process is a matter of policy principle at UNESCO. However, a particular firm credited with excellent performance and results in its previous work for UNESCO or another United Nations system organization may be given preference for future contracts.

97. A firm's ability to transfer knowledge to an organization's staff and management is of the first importance. To this end, UNESCO has a rigorous hands-on approach to the selection, engagement and control of firms. Its practices include competitive bidding, extensive prior research on potential consulting firms and their performance within and outside the United Nations System, the recommendations of organizations having previously contracted with the firms, the selection of individuals considered most suitable for the project, the control of firm performance and the transfer of knowledge to UNESCO's personnel.

98. UNESCO's concrete experience with consulting firms has been wide and varied over the years. In conversation with the Inspectors, UNESCO officials expressed the Organization's satisfaction with the performance of firms and the belief that it had obtained value for money. At the same time, they underlined the need for competent in-house staff to interface with external consultants and thereby assure the transfer of expertise to the organization to eschew a recurrent need for outside expertise.

99. External expertise has served UNESCO well in such areas as training, statistics and information management system design and development. *Cap Gemini* and *PricewaterhouseCoopers* have been among its main management contractors to date. Given the reduction during the last decade of UNESCO's staff, which included staff in technical programme areas, recourse to external consultants would have been, in any case, virtually inevitable.

100. The inspectors note that UNESCO has in some instances filled vacancies in its Secretariat with former staff of consulting firms who had worked on UNESCO projects. The question of a potential conflict of interest between the organization and its management contractors is one which, in the Inspectors' view, should at no time be neglected.

101. The main lesson of experience gained by UNESCO is that management consulting firms are generally very costly and caution should be exercised in engaging them. However, one special advantage with consulting firms is their decision-making process, which is simpler and faster than in United Nations system organizations where collegial, democratic procedures sometimes requiring difficult consensus-building exercises inevitably slow down decisions.

E. WORLD HEALTH ORGANIZATION (WHO)

102. The World Health Organization (WHO) uses few management consulting firms. When it does, it acts in accordance with the provisions of the Financial Regulations, which are issued by its Executive Board, the Rules issued by the Director-General and the WHO Manual.

103. The organization has a budget for management studies. Like other organizations, WHO has a Contracts Review Committee which considers contracts for amounts above US$ 50,000. As a rule, no further legislative authority is needed and there is no need to bring such projects to the attention of the WHO General Assembly.

104. Furthermore, WHO experience is unique within the United Nations system because, for many years, WHO had an in-house consulting unit staffed by recruits from the private sector. This unit was known first as the Office of Administration, Management and Evaluation and later as the Audit and Administrative Management. It operated along the same lines as a management consulting firm would. It was in existence for many years, from the 1960s to the 1990s, until budgetary provision for it was discontinued and its staff redeployed to other areas. The unit produced nearly 200 reports on management issues. Normally, it responded to requests for evaluation from regional offices, which paid travel and DSA expenses.

105. Recently, *McKinsey* has offered to carry out a study for WHO at no cost to the organization, in the context of the firm's long-standing programme of *pro bono* studies for non-profit institutions. The cost of the study to *McKinsey*, which would devote to it 3 or 4 consultants for a period of up to 6 months, could be easily estimated at one million dollars. WHO is at present considering which area should be chosen for the study.

106. Apart from the *McKinsey* study, which is a one-off opportunity, as it were, WHO has hired firms to carry out projects in certain areas such as information technology, translation services and others. Among the firms engaged are *PricewaterhouseCoopers* for personnel management and *IBM* for translation enhancement. WHO is also among the clients of the IMIS project, for which the WHO budget is approximately US$ 6.4 million. In addition, there is an IMIS unit at WHO staffed by 10 people.

F. UNIVERSAL POSTAL UNION (UPU)

107. The Universal Postal Union (UPU) uses private consulting firms under its Financial Rules, which require tenders to be made for all procurement of services, with final approval by the Director-General. UPU has recourse to private management firms for specific professional expertise as required by its work programme.

108. No formal roster of firms exists. The organization has in the past preferred to use large, well-known firms. However, when other firms submit credible contract bids, UPU retains their names for inclusion in future tenders of offer. International biddings are made through direct correspondence with firms already known to UPU and through advertisement in the international press.

109. UPU does not have an express policy of seeking to preserve a balance among the firms it hires on the basis of their national or regional affiliation. Nor does it normally exchange information on its experience with other agencies.

110. Depending on the nature of the project, bids are examined either by the Tenders and Procurement Committee or by an *ad hoc* selection committee. Selection is made after thorough review of all proposals in accordance with pre-established criteria such as cost, experience, technical strength, quality of staff, and others. Priority is usually given to technically sound bids.

111. The personnel proposed by the selected firm are screened. Certification of satisfactory service is required prior to payment. No formal post-evaluation is carried out, although the project manager or other official who certifies for payment purposes may do it informally. UPU would not consider appointing a staff member from a firm for a vacant post in the UPU Secretariat.

112. UPU's overall experience with private management consulting firms has been positive, particularly in the areas of restructuring and promotion of new management methods and techniques. The use of firms should none the less be subject to a rigorous selection process, including a cost-benefit analysis and a thorough assessment of the quality of the work provided.

G. INTERNATIONAL TELECOMMUNICATIONS UNION (ITU)

113. The International Telecommunications Union (ITU) considers some outsourcing as useful and necessary for most organizations when specific expertise is necessary. It has accordingly engaged private management consulting firms to supplement in-house expertise in a number of fields. The most important among them are information management systems design and development, training, self-evaluation and counselling, organizational evaluation and restructuring, management of change and analysis of internal processes and procedures.

114. Before bringing in outside assistance, ITU ascertains that there is no appropriate in-house expertise. To that end, it has established a Committee composed of different ITU services. The

Committee normally makes a preselection on the basis of papers submitted by the requesting office. Its subsequent steps towards a final selection include drawing up of a short list and interviewing proposed consultants. The Committee's final decision must be endorsed by the service concerned. If the cost estimate of the project is superior to CHF10,000, at least three firms must be reviewed prior to the selection. If the cost estimate is superior to CHF100,000, an international call for bids should be made prior to selection of the firm by the Contract Committee. Final authority rests with the Secretary-General of ITU.

115. The ITU roster of firms is maintained by different services, including those responsible for information technology, information, training and personnel services. The roster is fed mainly on the basis of the recommendations and reference checks of other organizations. Indeed, ITU considers the sharing of information with other organizations on the subject in a more systematic and organised way as one of the most important questions relating to the use of management consulting firms. Present cooperation with other organizations, however, does not extend to the issuance of joint invitations to firms to bid for contracts.

116. International biddings are made known mainly through direct correspondence with firms known to ITU. The organization does not advertise in the press.

117. ITU makes no special effort to maintain a balance among the firms engaged on the basis of their national affiliation. Nor does it seek a balance between firms from developed and firms from developing countries. While ITU has engaged a wide variety of firms in recent years, it has not had recourse to any of the "Big Five" firms.

118. Normally ITU specifies which personnel should be assigned to a project by the firm selected. Depending on the firm, it may allow the firm to designate personnel. In every case, the organization reviews the *curricula vitae* of candidates and interviews them. Certification of satisfactory services is required prior to payment. ITU evaluates services rendered normally in the form of a report, but there is no standard format. The results of its evaluations may be shared with other organizations upon request. No formal post-evaluation is carried out, although this may be done informally through the project manager or other official who certifies for payment purposes. ITU has in the past appointed firm personnel who had worked in ITU projects to vacant posts in its Secretariat., but it has now discontinued this practice.

119. ITU is, by and large, satisfied with the results achieved through the use of private management consulting firms, particularly as refers to the analysis of a performance appraisal system. It considers that keeping ownership of the project is vital. While implementing a project, an organization should avoid any tendency to rely too heavily on the consulting firm, which may lead the firm to lose the overall vision. In addition, follow up of the project, after the firm has left, should receive more attention.

H. INTERNATIONAL MARITIME ORGANIZATION (IMO)

120. Policies and procedures for the use of private management consulting firms by the International Maritime Organization (IMO) are contained in its Procurement Manual. IMO maintains a roster of firms which is updated through regular market research and contacts with industry. It has in the past advertised international bidding through IAPSO's *Procurement Update*, which is no longer published.

121. IMO does not have an express policy of maintaining a balance among firms on the basis of their national affiliation. It uses mainly small local consultants.

122. Bids are evaluated against the terms of reference. A Procurement Committee takes all aspects of the bid into consideration in arriving at a final decision.

123. IMO screens and interviews firm personnel assigned to its projects. It also must certify services rendered as satisfactory before making payment. In addition, it carries out an evaluation against the

specific terms of reference of the firm. IMO would not consider appointing a firm's staff member to its Secretariat.

124. By and large, IMO has been successful in its relationships with private consulting firms. It feels that it is important to ensure that the use of firms does indeed add value to the in-house decision-making process and fills a gap in the personnel and management skills and competence available in-house. The selection process must be very carefully carried out and, most important, clear objectives must be identified prior to contracting. Follow-up and evaluation of the effectiveness of delivery are also key elements which should be strengthened.

I. WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

125. The use of private management consulting firms in the World Intellectual Property Organization (WIPO) is governed by the financial rules and regulations, under which competitive bids are required for contracts in excess of CHF 20,000. The Controller's approval is necessary in all cases.

126. WIPO makes use of outside firms to provide advice on important issues for which the highest possible level of technical expertise internationally available is deemed necessary. Recently, while using an outside firm for a large project, WIPO set up a solid internal management team by recruiting new staff members to oversee the outside firm and further develop internal expertise.

127. In addition to the United Nations Common Supply Database (UNCSD), maintained by the Inter-Agency Procurement Office (IAPSO), WIPO keeps a roster of consulting firms. It normally follows the United Nations Common Procurement procedures in tendering its requirements for consultancy services, which may include advertising through journals, the United Nations *Development Business* or other means, depending on the importance and the potential cost of each requirement. WIPO's Procurement page on its Web site, which was recently created, is also used to advertise through the Internet.

128. An *ad hoc* evaluation team evaluates the technical and financial elements of the bids received. Final responsibility for contracting with private firms lies with the responsible Programme Manager, the Controller and the Director General.

129. In selecting private management consulting firms, WIPO makes all necessary efforts to invite the largest number of qualified firms from as many countries as possible to ensure transparency, competitive prices and broad national representation. WIPO normally exchanges information with other United Nations agencies, either formally or informally, on their respective experience and performance evaluation.

130. Owing to the importance of the quality, experience and reliability of proposed team members, WIPO normally specifies contractually which personnel it wants assigned to a particular project when selecting offers from firms. In addition, the replacement of personnel is subject to WIPO approval. WIPO monitors closely the execution of consultancy contracts and certifies services provided prior to payment. Under a standard contractual condition, WIPO will pay the last installment for services rendered subject to overall satisfactory contract performance.

131. WIPO's experience with private management consulting firms has been good, probably because it has limited their use to providing independent advice on clearly defined problems. Besides, value for money has been a consideration of the first importance for the organization.

J. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

132. The International Fund for Agricultural Development (IFAD) uses private management consultants for highly technical, specialized areas. A specific case is that of a recent study on the implications of the introduction of the euro.

133. The Fund is establishing a roster of consulting firms on the basis of the Internet, the experience of other organizations and advertising in trade journals, particularly the *Economist, Accountancy* and *Internal Auditor.* Although these journals are published in English only, they are widely disseminated, particularly in Africa. In addition, IFAD advertises in 20 national journals, especially in donor countries.

134. While IFAD is seeking to broaden its geographical basis for management consulting firms, it often hires the larger, better-known firms because of their prestige. For projects in the field, IFAD prefers to use small, local companies because of their knowledge of local market conditions, culture and language. In many cases, IFAD prefers to use individuals rather than management consulting firms, thus eschewing payment of overhead charges. It is worth noting that, in the past, IFAD has had some experience of donor countries tying donations to the use of their national firms.

135. IFAD usually interviews by telephone the personnel proposed for projects by consulting firms, often under a reimbursable loan agreement. Evaluation of both the performance of a consulting firm and the personnel hired through them is generally based on the criterion of whether or not they would be rehired. In order to obtain feedback for this type of evaluation, internal audit evaluates projects. IFAD must certify services as satisfactory prior to payment.

136. The Fund's experience with private management consulting firms has been satisfactory overall. One minor difficulty it has faced is that firms have a tendency to consider working papers as their own property and provide only final reports or even summaries to the client organization.

K. UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

137. The United Nations Industrial Development Organization (UNIDO) has guidelines on the use of experts, consultants and individual contractors. There is no indication, however, that UNIDO receives special guidance from its competent policy organs as regards its use of management consulting firms. UNIDO favours the use of management consulting firms in cases where they are expected to bring with them a new, results-based approach to the solution of problems or contribute a business spirit to the organization. While UNIDO prefers to rely on internal resources as far as possible, it does recognize that outside experts give credibility to projects and that their conclusions and recommendations are often easier to accept and put into practice than those resulting from internal reviews.

138. As a matter of policy, UNIDO maintains and regularly updates its roster of external consultants, and applies its guidelines on management of headquarters consultants and individual contractors, including experts for short-term advisory services. The organization also advertises international biddings through IAPSO's publication, *Procurement Update*, as well as commercial publications. However, its advertisements appear only in English, a practice which, although apparently justified by budgetary constraints, is none the less considered by some as a serious shortcoming. It should be noted that UNIDO gives no preference to any particular firms in any particular region. Any firm regardless of origin is acceptable if it can do the job at an affordable cost.

139. UNIDO has used management consulting firms since 1992. These firms have included *Arthur D. Little*, which was hired in 1995-1996 at a cost of US $ 800,000 to provide expert advice on its restructuring process, and *Arthur Anderson* and *Deloitte & Touche* in the area of information technology. UNIDO has also used other firms for public information and cost accounting, especially time-based accounting system and activity -based cost.

140. Before seeking external assistance, UNIDO usually satisfies itself that no appropriate in-house expertise is available or adequate to perform the task. An important lesson stressed by UNIDO is the need for close collaboration on projects between external firms and internal staff. Its experience with *Arthur D. Little* has demonstrated, for example, that a participatory approach involving consultants and UNIDO's staff facilitate the identification of problems and implementation of recommendations.

141. UNIDO's co-operation with other agencies does not go beyond using joint invitations to bid or using IAPSO's facilities. It also has no formal mechanism for evaluation of the performance of consulting firms. While UNIDO's experience with consulting firms has been, in broad terms, positive, there have been some less rewarding cases in which the consultants' reports either were not acted upon or the recommendations they contained were not considered specific and concrete enough to win management approval.

L. INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

142. The policies governing the use of private management consulting firms by the International Atomic Energy Agency (IAEA) fall under the financial regulations and rules and the normal regulatory framework on procurement, which includes specific rules for bidding. IAEA does not maintain a specific roster for management consulting firms. All firms used by the organization are included in its regular supplier database. IAEA also uses the United Nations Supplier Information Database (UNSID). Firms entered in the roster are identified through information included on the registration form under a "Standard Invitation to Bid" and evaluated by the Procurement Services Section.

143. A request for the engagement of firms is initiated by the manager responsible and reviewed by the Procurement Services Section. When an amount above US$ 70,000 is involved, a summary of bids is reviewed by the Procurement Authorization Committee. Approval by the Deputy Director General for Administration is required for values of US$ 150,000 and above. The same procedure applies to the evaluation of bids. Selection is made on the basis of the least costly, technically acceptable bid.

144. While the IAEA does not usually advertise bids, it has on occasion used the publications IAPSO *Procurement Update* and *United Nations Development Business*. While it has no particular policy in place to seek a balance among firms on a geographical basis, the IAEA has had good results from a range of consulting firms world-wide, including from developing countries, based on the selection criteria of least cost and technical soundness. Some IAEA officials felt that the 'Big Five' firms did not always assign their best staff to projects or pay enough attention to clients' needs and that, in many instances, small firms are preferable. It is worth mentioning that donor countries making voluntary contributions to specific projects have established, in some cases, the express condition that a particular national firm be used.

145. Key personnel provided by a firm are usually agreed upon prior to the signing of the contract. Sub-contractors must also be approved by IAEA. Other personnel chosen by the firm are screened and interviewed. Their references may also be checked. The requesting department has to certify that services are satisfactory before payment can be made and a formal evaluation form is completed. The results of such evaluations may be shared with other organizations but only on an informal, *ad hoc* basis. Employees of private consulting firms may apply for vacant IAEA posts in the normal manner, although in some instances contracts with firms have specified a time period during which key firm staff members may not be employed by IAEA.

146. The IAEA's experience with private management consulting firms is somewhat limited. It has also been, by and large, positive. It goes without saying that there is always room for improvement. The Agency's primary concern is that firms should be used only in cases where in-house expertise is not available and not for other reasons, even though the firms admittedly possess a perceived impartiality and action-oriented image in problem-solving which may contribute to the success of a project.

147. In the Agency's view, management consulting firms can be useful tools for specific, technical projects, especially in fields such as information technology and specialized training, for which no expertise exists in-house. Rigorous and impartial procurement processes should be applied to their hiring, as for any other services acquired by an organization.

ANNEX

TABLE 1: COST OF PRIVATE MANAGEMENT CONSULTING FIRMS FROM 1992 TO 1997 IN US$

ORGANIZATION	1992	1993	1994	1995	1996	1997	TOTAL
UNOG	not available	not available	580,250	300,865	86,640	298,014	**1,265,769**
UNDP[1]	192,536	486,674[2]	4,378,440	3,734,177	7,418,822	3,326,410	**19,537,059**
UNV	-	-	-	22,100	-	160,800	**182,900**
UNHCR	297,000	599,000	2,759,000	795,000	937,000	2,448,000	**7,835,000**
UNFPA	379,109	190,715	163,341	221,268	372,968	796,472	**2,123, 873**
WFP[3]	not available	40,000	153,416	290,087	617,309	1,250,499	**2,351,311**
ILO[4]	185,100	106, 942	417,500	362,873	210,728	613,845	**1,896,988**
FAO	554,000	509,000	46,000	1,679,000	1,694,000	59,000	**4,541,000**
UNESCO	82,500	59,500	111,500	118,500	392,570	277,872	**1,042,442**
UPU	350,000	900,000	105,000	250,000	250,000	150,000	**2,005,000**
WIPO	-	-	-	-	80,000	985,000	**1,065,000**
UNIDO	260,000	24,000	-	895,000	-	-	**1,179,000**
IAEA[5]	not available	not available	not available	not available	557,000	785, 000	**1,342,000**

[1] Includes figures provided by the Office of Audit and Performance Review (including use of firms to carry out contracted audits of field offices), the Evaluation Office and the Bureau for Finance and Administrative Services (also including audit services). Excludes individuals hired under SSA contracts and ALDs for Support Services.

[2] Includes an amount of US$ 65,162 for 2 previous contracts with the firm R. F. Lewicki.

[3] Does not include figures on use of management consulting firms for audit activities carried out by the Office of the Executive Director/Audit (OEDA). Given figures are complete for 1995-1997 only.

[4] Figures given represent the use of consultants over three biennia by a selection of six departments which call upon management consultants.

[5] The IAEA introduced a new computerized procurement system in 1996. Originals of Purchase Orders prior to this date have been stored but automated searches and listings to answer questions about "private management consulting firms" cannot be performed. For the figures given, IAEA has used the United Nations Common Coding System as a basis for identifying individual services which could probably have been provided by the "Big Six".

Table 2: PRIVATE MANAGEMENT CONSULTING FIRMS ENGAGED MOST OFTEN DURING THE YEARS 1992-1997 AND THE NUMBER OF TIMES EACH WAS ENGAGED EACH YEAR

ORG.	1992		1993		1994		1995		1996		1997	
	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.
UNOG	no data		no data		Software Engineering	3	Software Engineering	1	ICL Sorbus	2	Support IT	4
					Deloitte & Touche	1	ICL Sorbus	1	Alan Bracken Training	1	Saptex	3
											Gira S.A.	1
											KPMG	1
UNDP	Institute for Management and Accountability (IMAC)	1	Price Waterhouse	2	Price Waterhouse	4	Price Waterhouse	4	Price Waterhouse	4	Coopers & Lybrand	4
			Coopers & Lybrand	1	Coopers & Lybrand	1	Coopers & Lybrand	3	Coopers & Lybrand	3	Price Waterhouse	2
			Deloitte & Touche	1	Deloitte & Touche	1	Deloitte & Touche	1	Deloitte & Touche	1	Deloitte & Touche	1
			Kazibwe, Kenneth & Stiven	1	Kazibwe, Kenneth & Stiven	1	Kazibwe, Kenneth & Stiven	1	Kazibwe, Kenneth & Stiven	1	The Whole Person Project	1
			IMAC	1	IMAC	1	IMAC	1	Ernst & Young	1	IMAC	1
									Fogel & Associates	1		
									IMAC	1		
UNV							Tony Brady Associates (Dublin)	1			GTW Datentechnik (Bonn)	2
											IABG (Trier)	1
UNHCR[1]			Price Waterhouse	3	Interworks	2	Interworks	3	Mannet	3	Interworks	4
			Interworks	1	Mannet	2	Mannet	1	Emma	2	Emma	3
			Mannet	1	Price Waterhouse	1			Interworks	1	Mannet	3
											Price Waterhouse	1
UNFPA	Data Transport Systems	2	Data Transport Systems	3	Data Transport Systems	5	Data Transport Systems	2	DTI International	2	PSINET	1
	QAI Inc.	1	Alda Consultancy Group	2	Marilyn Achiron	1	Informix Software	1	HRS International Inc.	1	CompUSA	1
	DRT Systems	1	Turnkey Computer Systs.	1	Turnkey Computer Systs.	1	Digital Strategies Inc.	1	Atkinson Koven Feinberg	1	Charles B. Hawes	1
	Bldg. Dvpt. Consultants	1	HRS International Inc.	1	Information Bulders	1	Datametics Inc.	1	Avameg Comms. Consult.	1	Paladin Consultant Inc.	1
	Velankani Info. Systems	1	Unified Communications	1	Velankani Info. Systems	1	Structured Computer Sys.	1	OEG Worldlinks	1	Sun Microsystems Fed.	1
					IBM	1	Goldstein, Golab, Kessler	1			Informix Software	1
											IBM	1
											Douglas Gould & Co.	1
											Robert Sullivan	1
											Kell & Associates	1
											Rebekah	1

[1] Contracts over US$ 10,000 for the four most commonly used firms

Table 2: PRIVATE MANAGEMENT CONSULTING FIRMS ENGAGED MOST OFTEN DURING THE YEARS 1992-1997 AND THE NUMBER OF TIMES EACH WAS ENGAGED EACH YEAR

ORG.	1992		1993		1994		1995		1996		1997	
	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.
WFP[2]			Dynargie	1	Mannet	3	PricewaterhouseCoopers	1	D.M. Griffith	1	D.M. Griffith	2
							Mannet	1	Mannet	1	PricewaterhouseCoopers	1
											Booz Allen Hamilton	1
											Confor Informatica (Italy)	1
											Int'l Resources Group	1
											Selfin	1
											IBM	1
											Mannet	2
											Inst. of Internal Auditors	1
ILO	Mannet	3	Price Waterhouse	3	Price Waterhouse	2	Price Waterhouse	4	European Training Inst.	8	Int'l Management of Dev.	4
	Price Waterhouse	2	Arthur Andersen	1	Arthur Andersen	1	European Training Inst.	1	Advanced Solutions	2	Cambridge Tech. Partners	2
	Systems House	1	Innovatica SA (Genève)	1	Ernst & Young	1	Advanced Solutions	1	Price Waterhouse	1	Price Waterhouse	1
	Tesseract	1	JYACC	1			Optimum Alpha (Paris)	1	Innovatica SA (Genève)	1	Advanced Solutions	1
	ERISCO	1									European Training Inst.	1
											SEMA Group	1
											Managemt Centre Europe	1
											IWARE (Lausanne)	1
											Gartner Group	1
											American Inst. of Int. Aud.	1
											GENYSIS	1
FAO	Price Waterhouse	2	Price Waterhouse	3	Price Waterhouse	1	Coopers & Lybrand	3	Coopers & Lybrand	2	Dynargie Operations	1
			Buck Consultants	3					Buck Consultants	2		
			Coopers & Lybrand	1					Dynargie Operations	1		
UNESCO	Institute of Public Admin.	2	Institute of Public Admin.	2	Institute of Public Admin.	1	Horizon Micro	5	Horizon Micro	8	Coopers & Lybrand	4
	Coopers & Lybrand	1	Coopers & Lybrand	1	Horizon Micro	1	Institute of Public Admin.	1	CEGOS	4	Horizon Micro	3
					Coopers & Lybrand	1	Coopers & Lybrand	1	Cap Gemini	2	CEGOS	3
									Coopers & Lybrand	1	Cap Gemini	3

[2] Does not include data on use of management consulting firms for audit activities carried out by WFP's Office of the Executive Director/Audit (OEDA) and does not list firms whose services only partially included training and/or information systems elements.

Table 2: PRIVATE MANAGEMENT CONSULTING FIRMS ENGAGED MOST OFTEN DURING THE YEARS 1992-1997 AND THE NUMBER OF TIMES EACH WAS ENGAGED EACH YEAR

ORG.	1992		1993		1994		1995		1996		1997	
	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.	FIRM	No.
UPU	Ernst & Young	1	Ernst & Young	1	Ernst & Young	1	Arthur D. Little	1	Arthur D. Little	1	Arthur D. Little	2
									Ernst & Young	1	Ernst & Young	1
											Direct Response International	1
WIPO									CGI-IBM	1	Coopers & Lybrand	1
											Deloitte & Touche	1
											Arthur Andersen	1
											CGI-IBM	1
											ASBS	1
											Development Institute Int'l	1
											Kroll	1
UNIDO	Arthur Andersen	2	Deloitte & Touche	2			Arthur D. Little	1				
IAEA									Paragon Associates Inc.	8	People Centred Learning	3
									People Centered Learning	2	Gartner Group UK Ltd.	3
											Software AG	2
											SAIC	2
											Paragon Associates Inc.	1

Table 3: AREAS OF EXPERTISE OF THE MOST FREQUENTLY ENGAGED FIRMS

AREA OF EXPERTISE	ORG.	PRIVATE MANAGEMENT CONSULTING FIRM(S)
Information Management Systems Design and Development	**UNOG**	ICL Sorbus, Software Engineering
	UNDP	Institute for Management and Accountability (IMAC)
	UNV	GTW Datentechnik
	UNFPA	GGI, DRT, DTS, DATAMETICS, VELANKI, ALDO, UNIFIED, SCS
	WFP	IBM, Confor Informatica, Selfin
	ILO	Innovatica S.A. (Genève), Gartner Group, Cambridge Technology Partners, Systems House, GENISYS, SEMA Group, Price Waterhouse, Arthur Andersen, Advanced Solutions, Tesseract, ERISCO, Ernst & Young
	FAO	Price Waterhouse / Coopers & Lybrand
	UNESCO	Cap Gemini
	WIPO	Kroll, CGI-IBM
	IAEA	Software AG
	UNIDO	Arthur Andersen, Deloitte & Touche
Training	**UNOG**	Mannet, Saptex, Support IT
	UNDP	The Whole Person Project
	UNHCR	Interworks, Mannet
	UNFPA	Human Resources Systems, RTI, Kell & Associates, Response Management Intl., McDonald Anderson
	WFP	Mannet
	ILO	American Institute of Internal Auditors, Price Waterhouse, Optimum Alpha (Paris), JYACC, Mannet, European Training Institute, International Management of Development (MoDA), Management Centre Europe
	FAO	Dynargie Operations
	UNESCO	Institute of Public Administration, CEGOS, Horizon Micro
	UPU	Arthur D. Little
	WIPO	Development Institute Int'l.
	IAEA	Gartner Group UK Ltd., PCL People Centered Learning, Paragon Associates Inc.
Staff Evaluation and Counselling	**UPU**	Arthur D. Little, Ernst & Young, Emma, Price Waterhouse
	IAEA	Coopers & Lybrand
Organizational Evaluation and Restructuring	**UNOG**	GIRA
	ILO	IWARE, Lausanne
	FAO	Coopers & Lybrand
	UNESCO	Coopers & Lybrand
	UPU	Arthur D. Little, Ernst & Young
	WIPO	Deloitte & Touche
	UNIDO	Arthur D. Little

Table 3: AREAS OF EXPERTISE OF THE MOST FREQUENTLY ENGAGED FIRMS

AREA OF EXPERTISE	ORG.	PRIVATE MANAGEMENT CONSULTING FIRM(S)
Management of Change	**UNHCR**	Price Waterhouse
	WFP	International Resources Group
	FAO	Price Waterhouse
	UNESCO	Institute of Public Administration (see training)
	WIPO	Arthur Andersen
Analysis of Internal Processes and Procedures	**UNHCR**	Emma, Price Waterhouse
	UNV	Tony Brady Associates, IABG
	WFP	Coopers & Lybrand
	ILO	IWARE (Lausanne), Arthur Andersen
	FAO	Coopers & Lybrand
	UNESCO	Cap Gemini
Others	**UNOG**	Alan Bracken Training (preparation of RFP)
	UNDP	Fogel & Associates, Ernst & Young (investigations)
	WFP	Bentley Jennison, UK (revision of WFP Internal Audit Manual)
	FAO	Buck Consultants (actuarial reviews)
	WIPO	CS-SBS, Coopers & Lybrand (real estate)
	UPU	Arthur D. Little (audit of direct mail), Ernst & Young (audit of terminal dues)
	IAEA	Science Application International Corporation - SAIC (information security)

NB: Details by category not available for the UN Secretariat as a whole, WHO, ITU, WMO and IMO

In addition, details for staff evaluation and counselling not available for UNDP, UNFPA, WFP (see Table 5)

Table 4: NUMBER OF TIMES THE "BIG SIX" MANAGEMENT CONSULTING FIRMS WERE ENGAGED DURING 1992-1997

Firm	1992	No.	1993	No.	1994	No.	1995	No.	1996	No.	1997	No.
Arthur Andersen	UNIDO	2	ILO	1	ILO	1	UNIDO	1			WIPO	1
Coopers & Lybrand	UNESCO IAEA*	1 5	FAO UNESCO IAEA	1 1 3	FAO UNESCO	5 1	UNDP WFP FAO UNESCO	1 1 3 1	FAO UNESCO	2 1	UNHCR WFP UNESCO WIPO	1 1 4 1
Deloitte & Touche			UNESCO UNHCR	1 2	IMO	1	IMO IAEA**	1 3	IAEA	1	UNFPA WIPO	1 1
Ernst & Young	UPU	1	UPU IAEA***	1 1	ILO UPU	1 1			UPU	1	UPU	1
KPMG	IAEA****	1			IAEA****	1						
Price Waterhouse	ILO FAO	2 2	UNDP UNHCR ILO FAO	1 1 3 3	UNHCR ILO FAO IAEA	1 2 1 1	UNDP UNHCR ILO	2 1 4	UNDP ILO	4 1	UNDP UNHCR ILO	1 1 1

NB: Figures for UNDP, UNFPA and WFP do not include the frequent use of the "Bix Six" for contracted audit services.

IAEA* Three contracts are with Coopers & Lybrand, Deloitte & Touche, one with Coopers & Lybrand Unternehmensberatung. GmbH, Saarbrücken and one with Coopers & Lybrand.
IAEA** Contracts are with Touche Ross.
IAEA*** Contract with Ernst & Young Case Technology GmbH.
IAEA**** Contract with KPMG Peat Marwick.

Table 5: RANGE OF SERVICES PROVIDED BY MANAGEMENT CONSULTING FIRMS

Information Management Systems Design and Development	Training	Staff Evaluation and Counselling	Organizational Evaluation and Restructuring	Management of Change	Analysis of Internal Processes and Procedures	Others (see Table 3 for details)
UNOG UNDP UNV UNFPA UNHCR ILO FAO UNESCO IMO WIPO IAEA	UNOG UNDP UNFPA WFP UNHCR ILO FAO UNESCO IMO WIPO IAEA	UNDP UNFPA WFP UPU IMO IAEA	UNOG UNDP UNV UNFPA UNHCR ILO FAO UNESCO UPU IMO WIPO UNIDO IAEA	UNDP UNFPA UNHCR FAO UNESCO UPU WIPO UNIDO	UNDP UNV UNFPA WFP UNHCR ILO FAO UNESCO UPU UNIDO IAEA	UNOG UNDP WFP FAO WIPO UPU IAEA

Table 6: PUBLICATIONS MOST FREQUENTLY USED FOR ADVERTISING (1992-1997)

TITLE OF PUBLICATION	TYPE OF PUBLICATION	LANGUAGE	PLACE OF PUBLICATION	ORGANIZATIONS USING PUBLICATION
IAPSO Procurement Update	This publication was discontinued at the end of 1997 and has been replaced by an on-line service at the IAPSO web-site - *www.iapso.org "Business Opportunities - Procurement Notices"*	English French Spanish	Copenhagen (on-line)	UNOG UNV UNHCR UNESCO IAEA
United Nations Development Business	Published for the World Bank by the UN Dept. of Information, printed twice-monthly; general and subscription information available on-line at *www.devbusiness.com*	English	New York/ Washington (on-line)	UNOG UNHCR UNESCO IAEA
The Economist	Weekly international review	English	London	UNOG WFP
Financial Times	Daily international newspaper	English	London	UPU UNIDO
International Herald Tribune	Daily international newspaper	English	Paris	UNOG UNIDO
Other publications used by single organization only				
Le Monde		French	Paris	UNOG
Corriere della Sera La Republicca Sole 24 Ore		Italian Italian Italian	Milan Rome Milan	WFP
Washington Post Frankfurter Allgemeine Zeitung Neue Zuricher Zeitung Journal de Genève		English German German French	Washington Frankfurt Zurich Geneva	UPU

Table 7: ESTABLISHED MAXIMUM PERIODS FOR USE OF SAME FIRM AND/OR REBIDDING

Organization	Normal length of use of services of the same firm	Maximum required period after which a contract must be reopened to bidding	Can same firm bid again?
UNOG	According to requirements	None	Yes (no limit)
UNDP	Two years	Two years (for field audit, once renewable, i.e. four years)	Yes (no limit) (for field audit, no experience beyond four years)
UNV	One or two years	Two years	Yes (two or three times)
UNFPA	Contracts are not usually longer than one year but can be renewable	None specified (see before)	Yes (depends on specific requirements)
UNHCR	According to requirements	Usually not longer than three years	Yes (no limit)
WFP	Justification required before extending beyond the original contract/agreement period (for audit, by audit engagement)	None specified (see before)	Yes
ILO	According to requirements	None	Yes (no limit)
FAO	According to requirements	None	Yes (no limit)
UNESCO	According to requirements	None	Yes (no limit)
UPU	According to requirements	None	No
ITU	Two years	None	No
IMO	According to requirements	None	No renewal contracts. Same firm may be used for different contracts.
WIPO	According to requirements	Renewal of contractual services not applicable to use of management consulting firms	Not applicable
UNIDO	According to requirements	None	Yes (no limit)
IAEA	Contracts are usually for one year or less	Although no formal requirement exists, contracts are usually re-tendered after three to five years	Yes (no limit)

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